比亞迪電子(國際)有限公司
BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED
(incorporated in Hong Kong under the Companies Ordinance with limited liability)
(Stock code: 285)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Turnover	+31% To RMB11,199 million
Gross profit	-9% To RMB1,562 million
Profit attributable to owners of the parent	-1% To RMB759 million
Basic earnings per share	0% To RMB0.34
Final dividend per share	RMB0.067

HIGHLIGHTS

— BYD Electronic successfully expanded market shares despite the shrinking of handset industry.

— Winning new brands and new product orders successfully.

— Facing price reduction pressure continuously from the customers, lower profitability despite achieving increase in overall sales

FINANCIAL RESULTS

The board of directors (the "Board") of BYD Electronic (International) Company Limited (the "Company" or "BYD Electronic") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 (the "Year") together with comparative figures in 2008.

The Board recommends the payment of a final dividend of RMB0.067 per share for the year ended 31 December 2009.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009

	Notes	**2009** *RMB'000*	**2008** *RMB'000*
REVENUE	5	11,198,670	8,555,112
Cost of sales		(9,636,887)	(6,845,565)
Gross profit		1,561,783	1,709,547
Other income and gains	5	130,414	152,689
Research and development costs		(423,214)	(355,722)
Selling and distribution costs		(92,151)	(90,720)
Administrative expenses		(281,865)	(270,098)
Other expenses		(99,667)	(302,782)
Finance costs	6	(594)	(39,510)
PROFIT BEFORE TAX	7	794,706	803,404
Income tax expense	8	(35,850)	(37,579)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		758,856	765,825
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT — Basic and diluted	10	RMB0.34	RMB0.34

Details of dividends payable and proposed for the year are disclosed in note 9 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2009

	2009 *RMB'000*	2008 *RMB'000*
PROFIT FOR THE YEAR	758,856	765,825
Exchange differences on translation of foreign operations	35,231	(113,011)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	35,231	(113,011)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	794,087	652,814
Attributable to owners of the parent	794,087	652,814

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2009

	Notes	**2009** *RMB'000*	**2008** *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		3,428,446	3,031,354
Prepaid land lease payments		150,440	151,511
Prepayment for property, plant and equipment		114,377	332,486
Goodwill		—	—
Other intangible assets		10,841	12,959
Deferred tax assets		78,224	56,426
Total non-current assets		3,782,328	3,584,736
CURRENT ASSETS			
Inventories		1,769,093	1,824,003
Trade and bills receivables	11	3,047,767	1,526,898
Prepayments, deposits and other receivables		315,735	216,463
Due from fellow subsidiaries		96,827	57,175
Due from the intermediate holding company		64,996	64,075
Due from the ultimate holding company		7,051	—
Cash and bank balances		1,192,943	1,141,478
Pledged bank deposits		—	836
Restricted bank deposit		—	2,522
Total current assets		6,494,412	4,833,450
CURRENT LIABILITIES			
Trade and bills payables	12	2,833,832	1,467,518
Other payables and accruals		556,904	557,813
Tax payable		18,373	23,428
Interest-bearing bank borrowings		—	14,256
Due to fellow subsidiaries		237,820	218,078
Due to the immediate holding company		1,867	1,052
Due to the ultimate holding company		—	298,505
Total current liabilities		3,648,796	2,580,650
NET CURRENT ASSETS		2,845,616	2,252,800
TOTAL ASSETS LESS CURRENT LIABILITIES		6,627,944	5,837,536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2009

	Notes	**2009** *RMB'000*	**2008** *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		6,627,944	5,837,536
Net assets		6,627,944	5,837,536
EQUITY			
Issued capital	13	216,999	217,070
Reserves		6,259,980	5,620,466
Proposed final dividends	9	150,965	—
Total equity		6,627,944	5,837,536

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2009

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability on 14 June 2007.

The Company's shares have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 December 2007.

The registered office of the Company is located at Unit 1712, 17th Floor, Grand Central Plaza, No. 138 Shatin Rural Committee Road, Shatin, Hong Kong.

The Group was principally engaged in manufacture, assembly and sale of mobile handset components and modules.

In the opinion of the directors, the parent of the Company is Golden Link Worldwide Limited, an enterprise established in British Virgin Islands, and the ultimate holding company of the Company is BYD Company Limited, which is incorporated in the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Contingent consideration is recognised if the adjustment is probable and can be measured reliably. Subsequent measurement to the contingent consideration affects goodwill.

2.2 **CHANGES IN ACCOUNTING POLICY AND DISCLOURES**

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments — Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the parent's separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment. The amendment is applied prospectively. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. As the Group has not entered into share-based payment schemes with non-vesting conditions attached, the amendments have had no impact on the financial position or result of operations of the Group.

(c) Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The adoption of the amendments has had no material impact on the presentation of financial statements.

(d) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to this announcement.

(e) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the income statement, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(f) Amendment to Appendix to HKAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*

Guidance has been added to the appendix (which accompanies the standard) to determine whether the Group is acting as a principal or as an agent. The features to consider are whether the Group (i) has the primary responsibility for providing the goods or services, (ii) has inventory risk, (iii) has the discretion to establish prices and (iv) bears credit risk. The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as a principal in all arrangements. The amendment has had no impact on the financial position or results of operations of the Group.

(g) HKAS 23 (Revised) *Borrowing Costs*

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions in the revised standard, the Group shall apply the revised standard on a prospective basis to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. During the year, no borrowing cost has been capitalised on qualifying assets included in construction in progress.

(h) Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. The HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments have had no impact on the financial position or results of operations of the Group.

(i) Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*

The amendment to HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. HKAS 39 has been revised to state that if an embedded derivative cannot be separately measured, the entire hybrid instrument must remain classified as fair value through profit or loss in its entirety. The adoption of the amendments has had no impact on the financial position or results of operations of the Group.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(j) HK(IFRIC)-Int 13 *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no customer loyalty award scheme, the interpretation has had no impact on the financial position or results of operations of the Group.

(k) HK(IFRIC)-Int 15 *Agreements for the Construction of Real Estate*

HK(IFRIC)-Int 15 replaces HK Interpretation 3 *Revenue — Pre-completion Contracts for the Sale of Development Properties*. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 *Construction Contracts* or an agreement for the sale of goods or services in accordance with HKAS 18 *Revenue*. The interpretation has had no impact on the accounting for the Group's construction activities. As the Group currently is not involved in any construction of real estate, the interpretation has had no impact on the financial position or results of operations of the Group.

(l) HK(IFRIC)-Int 16 *Hedges of a Net Investment in a Foreign Operation*

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation has had no impact on the financial position or results of operations of the Group.

(m) HK(IFRIC)-Int 18 *Transfers of Assets from Customers (adopted from 1 July 2009)*

HK(IFRIC)-Int 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(n) In October 2008, the HKICPA issued its first *Improvements to HKFRSs* which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary* which is effective for annual periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: Removes the reference to "total interest income" as a component of finance costs.

- HKAS 1 *Presentation of Financial Statements:* Clarifies that assets and liabilities which are classified as held for trading in accordance with HKAS 39 are not automatically classified as current in the statement of financial position.

- HKAS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell" and the recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell and its value in use.

  In addition, items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventories when rental ceases and they are held for sale.

- HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance:* Requires government loans granted in the future with no or at a below-market rate of interest to be recognised and measured in accordance with HKAS 39 and the benefit of the reduced interest to be accounted for as a government grant.

- HKAS 36 *Impairment of Assets:* When discounted cash flows are used to estimate "fair value less costs to sell", additional disclosures (e.g., discount rate and growth rate used) are required which are consistent with the disclosures required when the discounted cash flows are used to estimate "value in use".

- HKAS 38 *Intangible Assets*: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

  The reference to there being rarely, if ever, persuasive evidence to support an amortisation method for intangible assets other than the straight-line method has been removed. The Group has reassessed the useful lives of its intangible assets and concluded that the straight-line method is still appropriate.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendments	Limited Exemption from Comparatives HKFRS 7 Disclosures for First-time Adopters [4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2010

3 Effective for annual periods beginning on or after 1 February 2010

4 Effective for annual periods beginning on or after 1 July 2010

5 Effective for annual periods beginning on or after 1 January 2011

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

The Group's primary business is the manufacture, assembly and sale of mobile handset components and modules. Since for management purpose, the Group is organised into one operating segment based on the industrial practice and management vertical integration strategy, no further analysis thereof is presented. The segment performance is evaluated based on the revenue and profit before tax which is consistent with the Group's revenue and profit before tax.

Geographical information

(a) Revenue from external customers

	2009	**2008**
	RMB'000	*RMB'000*
PRC (Including Hong Kong)	7,272,053	4,623,393
European Union	1,537,743	1,194,728
India	1,305,487	922,346
Mexico	367,110	254,827
United States of America	274,753	162,121
Brazil	182,170	519,368
Other countries	259,354	878,329
	11,198,670	8,555,112

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2009	**2008**
	RMB'000	*RMB'000*
PRC (Including Hong Kong)	2,992,879	2,878,462
India	603,684	460,180
European Union	107,541	189,668
	3,704,104	3,528,310

The non-current asset information above is based on the location of assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately RMB5,728,968,000 (2008: RMB5,119,710,000) was derived from the sale of mobile handset components and the provision of assembly services to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of assembly services rendered during the year.

An analysis of revenue, other income and gains is as follows:

	2009	2008
	RMB'000	*RMB'000*
Revenue		
Sale of mobile handset components and modules	6,200,623	4,684,855
Assembly service income	4,998,047	3,870,257
	11,198,670	8,555,112
Other income		
Bank interest income	11,683	70,471
Sale of scrap materials	64,802	60,982
Sale of materials	6,353	3,725
Subcontracting income	1,118	547
Others	38,088	15,075
	122,044	150,800
Gains		
Net fair value gains on derivative instruments-transaction not qualifying as hedges	—	1,474
Gain on disposal of items of property, plant and equipment	—	415
Exchange gain	8,370	—
	8,370	1,889
	130,414	152,689

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Interest on bank loans, wholly repayable within one year	594	39,313
Interest on bills discounted	—	197
	594	39,510

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2009 *RMB'000*	2008 *RMB'000*
Cost of inventories sold	4,620,732	3,051,024
Cost of services provided	4,830,525	3,764,999
Depreciation	485,870	364,292
Research and development costs:		
Current year expenditure	423,214	355,722
Minimum lease payments under operating leases — buildings	31,145	38,300
Auditors' remuneration	2,496	2,314
Recognition of prepaid land lease payments#	2,832	2,862
Amortisation of intangible assets#	4,483	4,101
Employee benefit expense (including directors' remuneration		
Wages and salaries	1,204,863	927,900
Retirement benefit scheme contributions	25,975	72,038
	1,230,838	999,938
Impairment of goodwill##	—	4,875
Impairment of trade receivables##	15,494	—
Impairment of property, plant and equipment##	44,719	—
Provision against obsolete inventories	185,630	29,542
(Gain)/loss on disposal of items of property, plant and equipment##	8,781	(415)
Fair value gain on derivative instruments	—	(1,474)
Gain on acquisition of charger business###	(636)	—
Bank interest income###	(11,683)	(70,471)
Foreign exchange (gain)/loss, net###	(8,370)	289,149

Included in "Administrative expenses" in the consolidated income statement.

Included in "Other expenses" in the consolidated income statement.

Included in "Other income and gains" in the consolidated income statement.

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

BYD Precision is entitled to an exemption from income tax for the two years commencing from its first profit-making year of operation and a 50% relief from income tax for the next three years thereafter. The year of 2009 was BYD Precision's fourth profit-making year. Pursuant to the transitional arrangement under the new PRC Corporate Income Tax Law, the income tax rate applicable to BYD Precision will be gradually increased from the rate of 18% to the unified rate of 25% over 5 years commencing from the year of 2008, which allowed BYD Precision to enjoy a preferential tax rate of 10% after considering the 50% relief from income tax for the fourth profit-making year.

BYD (Huizhou) Electronic Co., Limited ("BYD Huizhou") and BYD (Tianjin) Co., Limited ("BYD Tianjin"), wholly-owned subsidiaries of the Company, are entitled to an exemption from income tax for the two years commencing from their first profit-making years of operation and a 50% relief from income tax for the next three years thereafter. The current year was the second and third profit-making year for BYD Huizhou and BYD Tianjin, respectively.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions of which the Group operates, based on existing legislation, interpretations and practices in respect thereof. No provision has been made for profit tax in India, Hungary, Romania, United States of America and Finland as the Group had no assessable profits derived from there.

The major components of the income tax expense for the year are as follows:

	2009	**2008**
	RMB'000	*RMB'000*
Group:		
Current - PRC	57,648	84,299
Deferred	(21,798)	(46,720)
Total tax charge for the year	35,850	37,579

9. DIVIDENDS

	2009 *RMB'000*	2008 *RMB'000*
Proposed final —RMB0.067 (2008: nil) per ordinary share	150,965	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts for the year is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,253,874,917 (2008: 2,261,757,000), as adjusted to reflect the shares repurchase during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

The calculation of basic and diluted earnings per share is based on:

	2009 *RMB'000*	2008 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	758,856	765,825

	Number of shares	
	2009	**2008**
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,253,874,917	2,261,757,000

11. TRADE AND BILLS RECEIVABLES

	Group 2009 RMB'000	Group 2008 RMB'000
Trade and bills receivables	3,085,566	1,552,502
Impairment	(37,799)	(25,604)
	3,047,767	1,526,898

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of two to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise its credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had certain concentration of credit risk as 38% (2008: 69%) and 92% (2008: 94%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
Within 90 days	2,996,162	1,478,658
91 to 180 days	49,448	45,614
181 to 360 days	2,157	2,626
	3,047,767	1,526,898

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
Within 90 days	2,740,878	1,331,804
91 to 180 days	63,635	93,893
181 to 360 days	14,225	31,727
1 to 2 years	15,009	9,752
Over 2 years	85	342
	2,833,832	1,467,518

The trade payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amount of trade and bills payables approximates to their fair values.

13. SHARE CAPITAL

Shares

	2009	2008
	RMB'000	*RMB'000*
Authorised:		
4,400,000,000 (2008: 4,400,000,000) ordinary shares of HK$0.10 each	425,964	425,964
Issued and fully paid		
2,253,204,500 (2008: 2,254,009,000) ordinary shares of HK$0.10 each	216,999	217,070

In October 2009, the Company repurchased and cancelled 804,500 ordinary shares of HK$0.1 each on the Stock Exchange at a total cash consideration of RMB3,679,000. The repurchase resulted in the reduction in the par value of the shares cancelled of approximately RMB71,000.

For the year ended 31 December 2008, the movements in share capital were as follows:

(a) In January 2008, in connection with the Company's initial public offering, an over-allotment of 72,246,000 additional shares of HK$0.1 each was exercised by the Company at a price of HK$10.75 per share for a total cash consideration, after expenses, of RMB700,756,000. Dealings in these shares on the Stock Exchange commenced on 16 January 2008.

(b) In July 2008, the Company repurchased and cancelled 18,237,000 ordinary shares of HK$0.1 each on the Stock Exchange for a total cash consideration, after expenses, of RMB66,985,000. The repurchase resulted in the reduction in the par value of the shares cancelled of approximately RMB1,599,000.

14. CONTINGENT LIABILITIES

(a) The Litigation with the Foxconn Related Companies

In June 2007, the High Court of the Hong Kong Special Administrative Region (the "Court") action (the "June 2007 Action") was commenced by a subsidiary and an affiliate of Foxconn International Holdings Limited (the "Plaintiffs") against the ultimate holding company, the intermediate holding company, the immediate holding company and subsidiaries of the Group (the "Defendants") for using confidential information obtained improperly from the Plaintiffs. The Plaintiffs alleged that the Defendants have directly or indirectly through the assistance of certain employees of the Plaintiffs, induced and procured certain former employees of the Plaintiffs (some of whom were subsequently employed by the holding companies of the Group) to breach their contractual and fiduciary duties with their former employer, the Plaintiffs, by disclosing to the Defendants confidential information that such employees have acquired through their employment with the Plaintiffs. In addition, it was alleged that the Defendants knew or ought to have known the confidential nature of such information and that the Defendants allowed or acquiesced its misuse in establishing a handset production system that is highly similar to the Plaintiffs' handset production system and using the Plaintiffs' confidential information with respect to their suppliers and customers. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 with the effect that the June 2007 Action has been wholly discontinued against all the Defendants named in the action and that this finally disposed of the June 2007 action without any liability to the ultimate holding company, the intermediate holding company, the immediate holding company and subsidiaries of the Group. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Court (the "October 2007 Action"). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and the same allegations arising in the June 2007 Action. In essence, the Plaintiffs allege that the Defendants have misappropriated and misused confidential information belonging to the Plaintiffs. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages.

The Plaintiffs have quantified part of their claim for damages, consisting of the estimated cost of producing the alleged confidential information of RMB2,907,000, and an amount of RMB3,600,000 which allegedly represents compensation paid by the plaintiffs to other parties to whom they owed a duty to keep confidential the alleged confidential information. The damages otherwise sought by the Plaintiffs in the October 2007 Action have not been quantified.

Regarding the October 2007 Action, the ultimate holding company has given an indemnity in favour of the Company and other Defendants for all liabilities, losses, damages, costs and expenses (if any) incurred arising out of or in connection with the October 2007 Action. The indemnity given by the ultimate holding company to the indemnified parties will not cover loss of future profit and revenue as well as any obligation, such as ceasing to use certain information, on the part of the indemnified parties to comply with any injunction order or any court order to deliver up documents. As at the date of the consolidated financial statements, the service of writs on all of the Defendants has been duly acknowledged.

14. CONTINGENT LIABILITIES (continued)

(a) The Litigation with the Foxconn Related Companies (continued)

On 2 November 2007, the ultimate holding company and the intermediate holding company, the Defendants which had been served with the writ at that time, applied for a stay of the legal proceedings. The hearing of the stay took place on 11 and 12 June 2008 and the judgement in respect of the stay application was handed down on 27 June 2008. The stay application was turned down and a order was issued, of which the legal cost for the application of stay by the plaintiff is to be borne by the ultimate holding company and the intermediate holding company. The legal cost, if not agreed, will be determined by the court. On 2 September 2009, the above-mentioned Plaintiffs make an amendment to the writ with the Court for inclusion of Foxconn Precision Component (Beijing) Co., Ltd. as a Plaintiff. The ultimate holding company also filed a counterclaim on 2 October 2009 against the Plaintiffs, including Foxconn Precision Component (Beijing) Co., Ltd., the documents of which have been served on all parties of the Plaintiffs. The counterclaim mainly related to the release of defamatory remarks to prejudice of the Defendents' reputation and the interference with the Defendants' business, and the request for remedies by the Plaintiffs.

Based on legal opinions issued by the litigation legal counsels to the ultimate holding company of the Group, the ultimate outcome of the litigation is not yet determinable given the early stage of the proceedings. Accordingly, no liability accrual has been recorded by the Group.

(b) Charger exchange program by Nokia

On 9 November 2009, Nokia announced that it would initiate a charger exchange program and recommended the users to exchange the chargers for free replacement. The reason for the program was that the plastic covers of a limited number of the Nokia-branded chargers manufactured by a subsidiary of the Company could come loose and detach, exposing the internal components of the charger and may potentially pose an electrical shock hazard. The models of the chargers announced by Nokia are AC-3E and AC-3U manufactured during the period from 15 June 2009 to 9 August 2009 and AC-4U manufactured during the period from 13 April 2009 to 25 October 2009. As at 4 March 2010, the Company obtained from its customers replacement registrations of 24,594 by the end-users, with trend of decline in number of registration for replacement.

On 28 December 2009, the subsidiary of the Company received an invoice amounted to of EUR1,539,000 from Nokia. This amount had been accrued as liability at the end of the reporting period. Due to the ongoing of the charger exchange program, the Company is still under further discussions with Nokia for further details. The potential compensation could not be reasonably estimated and accordingly, no further liability has been accrued by the Group.

MANAGEMENT DISCUSSIONS AND ANALYSIS

OPERATING ENVIRONMENT REVIEW

In 2009 (the "Year"), the world economy began to recover slowly from the economic downturn brought by the financial crisis that hit the globe in 2008. Encouraging signs and the macro-economy exhibited an encouraging development trend. Nevertheless, the overall consumer confidence and consumption power were yet to revive. The handset market demand remained on the weak side and the global handset industry was still under pressure, with global handset output recorded a decline for the first time since 2001. According to the statistics from leading manufacturers of the handset industry, the global handset output was approximately 1.14 billion units during the Year, representing a decrease of approximately 6% compared with approximately1.213 billion units in 2008.

During the downturn of the global handset industry, leading international handset manufacturers faced keener market competition. This forced them to exercise more stringent control over production cost to alleviate market pressure. In seeking to enhance the price competitiveness of products and expand their market shares, leading international handset manufacturers tended to be prudent in selecting suppliers. Some even reduced outsourcing through exercising stringent controls over the prices of supplies from upstream handset component producers. In addition, as the consolidation process of the handset industry continued, leading international handset brands were inclined to lower capital investment and production costs, accelerate the launching of new products, shorten capital turnover and enhance flexibility in order to increase their branding competitiveness.

Facing the challenging operating environment, BYD Electronic (International) Company Limited("BYD Electronic" or the "Company"), a one-stop supplier with high capability for vertical integration and cost advantages as well as global manufacturing and service platforms, still managed to enhance its market share in the ongoing consolidation process of the handset industry.

BUSINESS REVIEW

BYD Electronic provides handset components, module business and handset assembly services to handset manufacturers as a vertically integrated business. The Group increased sales and market share successfully amid sluggish market conditions. During the Year, the Group recorded sales of approximately RMB11,199 million, increased by approximately 31% year-on-year. However, the global handset output had declined due to mounting pressure from customers on sharp price reduction, which resulted in lower business earnings. Profit attributable to shareholders was approximately RMB759 million, representing a decrease of about 1% year-on-year.

BYD Electronic is one of the manufacturers of handset components and module business in the industry with the most competitive cost structure. Its principal business includes the manufacturing and sales of handset components, including handset casings and keypads, and handset modules equipped with various mechanical components such as handset casings, microphones, connectors and other components, as well as the provision of two types of assembly services, namely, high level assembly services and printed circuit board (PCB) assembly services.

During the Year, leveraging the high capability of vertical integrity and the advantage of high performance-price ratio, the Group's handset component and module business resulted in expansion of their market shares successfully despite the sluggish market conditions, winning new customer brands and new product orders successfully. Nevertheless, leading international handset manufacturers still exercised stringent controls over the prices of supplies from upstream handset component producers, and the Group inevitably faced price reduction pressure continuously from the customers, resulting in lower profitability despite achieving increases in both the handset component and module businesses.

For the global manufacturing platform of the Group, except the production base in India which maintained satisfactory business growth, the production base in Hungary was inevitably affected by the contraction of the handset market brought by the global financial crisis and the severe economic recession.

Apart from providing handset components and modules, BYD Electronic also provides handset assembly and design services according to customers' needs. During the Year, significantly benefiting from the promotion of 3G in the PRC as well as the introduction of new products, the assembly services of the Company recorded a substantial growth in output volume and sales volume. However, the profitability was relatively low, thus the impact on the overall results was negligible.

On 29 April 2009, BYD (Huizhou) Electronic Company Limited ("Huizhou Electronic"), a wholly owned subsidiary of the Company, entered into a transfer agreement with BYD (Huizhou) Company Limited ("BYD Huizhou"), a wholly owned subsidiary of BYD Company Limited ("BYD"), pursuant to which BYD Huizhou agreed to sell and Huizhou Electronic agreed to purchase the handset charger business. The transfer will expand the scope of our Group's handset component business and enhance sales and profitability of the Group. This will be in line with the business development and commercial goals of the Group and will enhance the Group's overall competitiveness. The transfer has been fully completed during the year and the handset charger business has contributed revenue and profit to the Company during the Year. Please refer to the announcement dated 29 April 2009 and the circular dated 20 May 2009 issued by the Company for details.

On 9 November 2009, Nokia announced that it will initiate a charger exchange program and recommended the users to exchange some models of the chargers for free replacement due to the plastic covers of a limited number of the Nokia-branded chargers manufactured by a subsidiary of the Company could come loose and separate, exposing the internal components of the charger and may potentially pose an electrical shock hazard. As of 4 March 2010, the registered number of replacement by final users obtained from the customers by the Company was 24,594 units and the number was showcased an obviously declining trend. Until now, such charger exchange program is still ongoing, and the Company is working closely with Nokia in relation to the matter. For details of which please refer to the announcements of the Company dated 9 November 2009 and 30 November 2009.

FUTURE STRATEGY

As the global economy gradually recovers, there will be a rebound of demand for handsets. Global handset output will increase gradually and demand for handset components and assembly services will also increase accordingly. In the face of the future market environment, the Group will continue with its vertical integration strategy, continue to enhance its research and development capability to manufacture handset products with advantage of higher performance-to-price ratio and attract new customers by high quality standards and obvious price advantages, in order to bring in more customer orders and expand the market shares. The Group believes that the current operating environment and handset industry adjustment will provide the Group with more opportunities and greater development space in the long run. By leveraging on its continuous improvement in technological standards, excellent research and development capabilities, technical process designing capability and advanced factory management capability, the Group should outperform its peers.

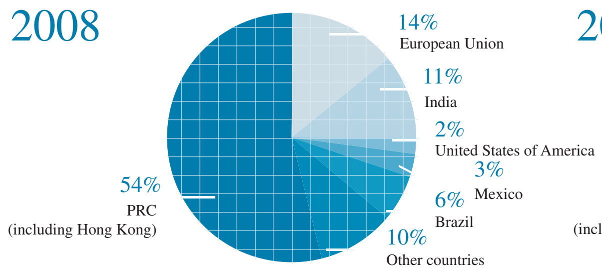
Meanwhile, the Group will actively develop new business and engage more manufacturers of international brands as new customers to create new growth drivers and reduce its reliance on single product or single customer. BYD Electronic's development strategies include improving technology level, providing customers with more value-added design services and upgrading its market position in order to create maximum value for shareholders.

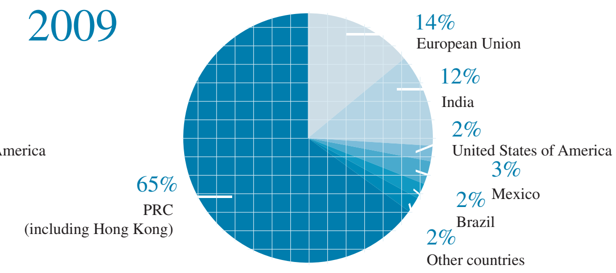
FINANCIAL REVIEW

Benefiting from the growth recorded in the handset component and module business segments during the Year, the turnover recorded a larger growth compared with that of the previous year. Profit attributable to owners of the parent decreased slightly year-on-year, which was mainly attributable to the decrease in the gross profit margin of the Group.

Segmental Information

Set out below is the comparison of geographical information by customer location for the two years ended 31 December 2008 and 2009:





Gross Profit and Margin

The Company's gross profit for the Year decreased by approximately 9% to approximately RMB1,562 million. Gross profit margin was down from approximately 20% in 2008 to about 14% during the Year. The decrease in gross profit margin was mainly due to the effects on the handset component and module businesses arising from the change of product structures and the increasing market competition.

Liquidity and Financial Resources

During the Year, the Group recorded cash inflow from operations of about RMB799 million, compared with approximately RMB676 million recorded in 2008

During the Year, funds were obtained from the net cash derived from the Company's operations. As at 31 December 2009, the amount of total borrowings was RMB nil, compared with RMB14 million as at 31 December 2008.

The Company maintained sufficient daily liquidity management and capital expenditure requirements, so as to control internal operating cash flows. During the Year, the turnover of accounts and bills receivables was approximately 75 days, while the turnover was 71 days for the year ended 31 December 2008. Inventory turnover improved from 77 days for the year ended 31 December 2008 to 72 days during the Year. The turnover of accounts and bills receivables and the inventory turnover basically maintained stable during the period.

Capital Structure

The duty of the Company's financial division is to oversee the Company's financial risk management, and to operate in accordance with the policies approved and implemented by the senior management. As at 31 December 2009, the Company had no borrowings and its cash and cash equivalents were mainly held in renminbi and US dollars. The Company's current bank deposits and cash balances and fixed deposits as well as the Company's bank facilities and net cash derived from operating activities will be sufficient to satisfy the Company's material commitments and the requirements for working capital, capital expenditure, business expansion, investments and expected debt repayment needs at least in the coming year.

Exposure to Foreign Exchange Risk

During the Year, the Group recorded a decrease in foreign exchange differences. The decrease was mainly due to the decline in the range of Renminbi appreciation. Most of the Company's income and expenditure are settled by renminbi and US dollars. During the Year, the Company did not encounter any significant difficulties or come under any impact on its operations or liquidity due to fluctuations in currency exchange rates. The directors believe that the Company will have sufficient foreign exchange to meet its own foreign exchange requirements.

Employment, Training and Development

As at 31 December 2009, the Company had over 45,000 employees. During the Year, total staff cost accounted for approximately 11% of the Company's turnover. Employee remuneration is determined on the basis of the Company employees' performance, experience and prevailing industry practices, with compensation policies being reviewed on a regular basis. Bonuses and commission may also be awarded to employees based on their annual performance evaluation. In addition, incentives may be offered for personal drive and encouragement.

Share Capital

As at 31 December 2009, the share capital of the Company was as follows:

Number of shares issued: 2,253,204,500 shares.

Purchase, Sale or Redemption of Shares

In October 2009, the Company repurchased and cancelled 804,500 shares of its ordinary shares on the Stock Exchange of Hong Kong Limited.

Capital Commitments

As at 31 December 2009, the Company had capital commitment of approximately RMB137 million (31 December 2008: approximately RMB226 million).

Contingent Liabilities

Please refer to note 14 to this announcement for details of contingent liabilities.

SUPPLEMENTARY INFORMATION

Corporate Governance

Compliance with the Code on Corporate Governance Practices (the "Code")

The Board is committed on maintaining and ensuring high standards of corporate governance practices.

The Board emphasizes on maintaining a quality Board with balance of skill set of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the directors, the Company had during the Year complied with the applicable code provisions as set out in Appendix 14 to the Listing Rules.

Compliance with the Model Code for Securities Transactions by Director of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, who have confirmed that they had complied with the required standard set out in the Model Code for the Year.

Audit Committee

The audit committee consists of three independent non-executive Directors and two non-executive Directors. A meeting was convened by the Company's audit committee on 12 March 2010 to review the accounting policies and practices adopted by the Group and to discuss auditing, internal control and risk management and financial reporting matters (including reviewing the financial statements for the year ended 31 December 2009) for recommendation to the Board for approval.

Final Dividend

The Board recommends the payment of a final dividend of RMB0.067 per share for the year ended 31 December 2009.

Disclosure of Information on the Stock Exchange's Website

This annual results announcement is published on the website of the Stock Exchange (http://www.hkex.com.hk).

By order of the board of
BYD Electronic (International) Company Limited
LI Ke
Director

Hong Kong, 12 March 2010

As at the date of this announcement, the executive Directors are Ms. LI Ke and Mr. SUN Yi-zao; the non-executive Directors are Mr. WANG Chuan-fu and Mr. WU Jing-sheng; and the independent non-executive Directors are Mr. CHAN Yuk-tong, Mr. Antony Francis MAMPILLY and Mr. LIANG Ping.